

U.S. Officials Only

CONFIDENTIAL
SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

25X1A

COUNTRY Burma

SUBJECT Events Pertinent to Discontinuance of TCA Aid to
Burma/Rangoon Editorial Comment

PLACE ACQUIRED
(BY SOURCE)



25X1A

DATE ACQUIRED
(BY SOURCE)

DATE (OF INFO.)

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE
OF THE UNITED STATES. WITHIN THE MEANING OF TITLE 18, SECTIONS 793
AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVE-
LATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS
PROHIBITED BY LAW. THE REPRODUCTION OF THIS REPORT IS PROHIBITED.

OCI NO. [Redacted]

DATE DISTR. 17 Jan 53

NO. OF PAGES 4

NO. OF ENCLS.

SUPP. TO
REPORT NO.

25X1X THIS IS UNEVALUATED INFORMATION

SOURCE



1. "On March 29, 1953, the Government of the Union of Burma (GUB) released the news to the world that all Technical Cooperation Administration (TCA) aid in Burma would cease on June 30, 1953. It also expressed its gratitude for the material aid and service received from the USA since 1950 and stated that its decision was in no way a reflection on the TCA program in Burma or the TCA personnel.
2. "The situation here in Burma is truly very complicated and not easy to explain or to comprehend. I think it has been heading up for some time. The presence of 12,000 Chinese Nationalists (KMT) troops in North Central and Eastern Burma who were pillaging, looting, killing and marauding in Burmese villages was the spark that set off the explosion. It must be remembered that Burma suffered terribly during the Japanese occupation and its subsequent liberation; that it is still torn asunder by civil war in several directions; that it does not want its territory to be a battlefield again; and that there is a strong communist element in the country all the time. The Government is not a democracy as we understand the term but an example of State Socialism. Clement Attlee and Aneurin Bevan who were here recently are held in the highest regard. They are the Prophets of the Socialist State. The Government's program is known as the Welfare State.
3. "There has also been a great deal of active trade with China over the Burma Road although most of it may have been clandestine in character. Burma was among the first countries to recognize Communist China and Burma has never agreed to support the UN resolution prohibiting the shipment of strategic materials to China. Doubtless there has been a great deal of pressure from Communist sources and especially from China for Burma to toe the mark or suffer the consequences whatever they may be.
4. "I do not believe that U Nu, the Burmese Prime Minister, is a Communist, but several important members of the cabinet are communistically inclined including U Ba Swe, the Minister of Defense and U Kyaw Nyein, the Minister of Industries.

U.S. Officials Only

CONFIDENTIAL
SECURITY INFORMATION

DISTRIBUTION →	STATE-EV	ARMY	NAVY	AIR	FBI					
		X	X	X						

CONFIDENTIAL/US OFFICIALS ONLY--SECURITY INFORMATION

-2-

It is reliably reported that both of these men were largely responsible for the decision of the GUB with regard to TCA aid. U Ba Swe controls the army, navy, and air force and his voice is therefore a very important one in all State decisions. U Kyaw Nyein is Secretary General of the party in power and a very influential person.

5. "We must go back a little in order to see the picture more clearly. The Monsoon period usually ends in October or November, after which there is virtually not a drop of rain until May 15-20. Everything becomes dried to a crisp. The soil becomes hard and powdery. Ponds dry out almost completely. Many trees lose their leaves. The basha huts with their thatched roofs, in which thousands of refugees from insurgent activity in Burma live under the most incredibly congested and insanitary conditions, become as dry as straw. In short, a fire hazard of the first magnitude is created which persists for months. The problem is further augmented by the fact that fire hydrants are either nonexistent or at best are very scarce. This is true in Rangoon with a population of 711,500, as well as in the other major centers of population in Burma. A serious fire of unknown origin devastated a large basha hut colony in Rangoon on January 21. Several thousand people were made homeless and lost their meagre possessions. The fire just burnt itself out as the fire-fighting apparatus that was available was perfectly helpless in the existing situation.
6. "However, 4 or 5 other very serious fires occurred almost simultaneously in different parts of Rangoon on March 1 and 2. It was evident that they were of incendiary origin since phosphorus pellets were found on the thatched roofs of certain basha huts which had not yet been ignited. If the January fire is included in the totals, 33,940 people were made homeless. Altogether, 4,375 houses, including 6,664 dwelling units and 1,268 cottage industries, were destroyed.
7. "Around midnight of March 1 [1953], a closed car, without lights, was found prowling near a military reservation in Rangoon and near one of the basha hut settlements that was subsequently demolished by fire. When ordered to stop several times by a sentry, it proceeded on its unilluminated way. The sentry then opened fire on the vehicle and in consequence two Russians connected with the USSR Embassy in Rangoon were removed from the car in a seriously wounded condition and hospitalized. Just what they were doing in a prohibited area in a darkened car at midnight has never been publicly explained. The supposition is that they were not innocently seeking a breath of fresh air in that part of Rangoon at that late hour.
8. "It may be stated that the GUB took hold of the problem of rehousing the homeless refugees in a magnificent manner. Realizing it was confronted with a situation full of political dynamite which might lead to its fall, it met it in a political manner. It decided to erect more substantial basha living quarters for these people on the devastated areas. Jungle teak was purchased in substantial quantities to provide the framework for the dwellings and TCA which had been stockpiling corrugated aluminum roofing donated these noncombustible roofs. I have never seen any public mention of this magnificent and timely TCA aid but that has been characteristic of the lack of publicity for all the aid the US has given to Burma. Even the dredger Salween which was built for TCA on the banks of the Clyde in Scotland at a cost of US\$535,000 was turned over to the Burmese Government on April 11 with hardly a ripple of publicity. It is to be used at the mouth of the Salween River in order to make the Port of Moulmein more navigable, a very important undertaking indeed. I must also note that despite the need for rehousing the burned out refugees the cost of jungle teak soared precipitously and nails which had been very abundant suddenly disappeared from the market altogether. They could be purchased on the black market, however, for a price. But the construction work has proceeded without interruption and the people will be better housed than they were before. The GUB also distributed household equipment and supplies as well as clothing. Thus a situation that was fraught with great danger and even open rebellion was met in a most statesmanlike manner.
9. "In recent months the Karens (KNDOS) have linked up with the KMT and have succeeded in tying down three quarters of the Burmese National Army. In consequence the forces available for combating the Communists in the northern district of Burma

CONFIDENTIAL/US OFFICIALS ONLY--SECURITY INFORMATION

CONFIDENTIAL/US OFFICIALS ONLY--SECURITY INFORMATION

-3-

have been inadequate and the Commies have been gaining victories. It is because the KMT and KNDO combined activity represents a threat to the stability of the GUB that the latter is seeking relief from KMT activity through the UN. In order to do that with a clear conscience it did not want to be in a position of being charged with receiving 'hush money' in the form of US aid.

10. "It is interesting to note however that the London Times of April 1, 1953 reported that Communist China was supplying specialists, arms, manpower and materiel to the Burmese communists in Northern Burma, but no mention has been made of this in the local press and no official action has been taken publicly against this undermining aid. On the one hand the Burmese Government must contend with KMT's and KNDO's who somehow or other are supplied with US arms; and on the other hand, they must contend with Burmese communist rebels who are supplied by Communist China with Soviet arms. Verily, the GUB is in the jaws of the nutcracker. It is no wonder that there is a feeling of instability in the existing situation in Burma today.
 11. "Another fact may also be of interest. On March 26, [1953], the US Ambassador called to the attention of the GUB the fact that the Polish ship General Walter was tied up at a pier in Rangoon and was taking on board a large shipment of scrap iron, rubber and other strategic materials for Communist China. Since the Battle Act prohibits the USA from giving ECA, MSA, or TCA aid to a foreign country that sends strategic materials to a communist country, especially when the shipment of such materials is strictly forbidden, the Ambassador informed the GUB that it might be necessary for the US to reexamine its aid program to Burma. We had developed a shut-eye to the shipment of strategic materials to Communist China over the Burma Road but we could not be blind to the shipment of such supplies in foreign bottoms from Burma to China. In a sense, Burma was on the spot for she was taking the KMT issue to the UN for relief and yet she was unwilling to abide by a UN decision prohibiting the shipment of strategic materials to Communist China. I regret to say that the General Walter sailed for China with her shipload of strategic supplies.
 12. "When the GUB decided to separate itself from all TCA aid after June 30, 1953, it was planned to issue a simple, unadorned statement to that effect. There was to be no reference to gratitude and appreciation for the aid that had been received nor to the fact that the decision did not reflect adversely on the program or the TCA personnel. The two supplementary statements were added to the basic news release only at the suggestion and on the insistence of the Ambassador and the TCA Director. It is ironical to have US aid and devoted service given so generously and wholeheartedly in this strange and difficult part of the world treated so casually. It can only be understood in the light of the Buddhist philosophy.
 13. "You would think that the Burmese would be deeply grateful and appreciative of the 31 millions of dollars' worth of assistance in the form of services and supplies which they have received from the US since 1950. Doubtless there are some intelligent Burmese who are sincerely grateful, but I think I can safely say that the great majority are ignorant of this aid or are not grateful for it even when they are informed. Their philosophy of life is different from ours. Their aim is to gain merit for the next reincarnation. Accordingly, if you do something noble and good they do you a favor by receiving and acknowledging such aid since in that way you gain merit. Accordingly, the US should not expect gratitude from the Burmese for the assistance it has rendered since Americans are gaining merit in their next reincarnation by having the Burmese accept their offerings. In fact, the US should be grateful to Burma since she is accepting our aid and the US is thus gaining merit. Perhaps this is inverted reasoning but it is very real to the Buddhist Burmese and any state of mind becomes significant if it is real, vociferous, and numerous.
- Rangoon Editorial Comment
14. "The two important English language newspapers in Burma are The Nation and The New Times of Burma. Both are published in Rangoon. The Nation has the largest

CONFIDENTIAL/US OFFICIALS ONLY--SECURITY INFORMATION

CONFIDENTIAL/US OFFICIALS ONLY--SECURITY INFORMATION

-4-

circulation of the various English newspapers but The New Times of Burma is regarded as the mouthpiece of the GUB. The Nation has always been opposed to US aid. Some say it is because its request for a modern newsprinting establishment was not granted. The New Times of Burma has been more sympathetic to US aid but never really enthusiastic about it. It is of interest therefore to examine some of the editorial comment in these two papers in the light of recent events.

15. "On March 26 [1953], The Nation's editorial was entitled Ethics of Charity. In it, it charged the US with a selfish motive in all the ECA, MSA AND TCA aid given to underdeveloped countries in the postwar period. It maintained that the huge sums appropriated for the aid programs were largely spent in the US and were appropriated to keep the wheels of industry going there in order to maintain employment and thus to promote the happiness and well-being of its own people. Such appropriations were not being spent in foreign lands nor for the benefit of foreign peoples, but primarily 'to provide employment for the teeming millions in the rich industrial countries who without work to take their minds off their selfish greediness would soon make a nuisance of themselves.' The unfairness, the untruthfulness, the unappreciativeness of such a point of view leaves one speechless and impotent.
16. "When the news of the Government's decision was released The Nation said: 'We are not exactly sorry to see a rather indifferent organization wound up.' Earlier, on March 26, The New Times of Burma stated editorially: 'Let another Asian country (meaning Thailand) which has succumbed so easily to dollar domination provide the military footholds which the Formosa Government ~~so~~ clearly wants in her hope to reattack the Chinese mainland. As far as the British are concerned they are determined not to become unwilling partners in any form of aggression against their friendly neighbor, the Communist Government of China.'
17. "While the first public reaction to the GUB decision was one of elation and satisfaction because the little fellow thumbed his nose at the big one, second thoughts began to be more sober. On April 5 [1953], The Nation stated that 'Most people feel a sense of regret that there is to be no more aid, principally because Burma needs foreign aid so badly, and it seems inevitable now that all the really good schemes for the Welfare State will be held up or handicapped because of a lack of foreign financial and technical assistance.' Even Criticus, the unfriendly and insulting columnist who holds forth in The Nation, stated on April 5 as follows: 'It is a dire step we had to take. It is not because we can do without outside aid. We have suffered plenty in the last decade and we need and deserve outside aid. Nor is it because we can do without US friendship. We need all the friendship we can get from every direction and particularly from world leaders like the US. But the price can be too high.'
18. "The upshot of it all has been that sober second thought has convinced the responsible leaders in and out of the Government that it would be absurd to refuse all US aid, admittedly so badly needed. Accordingly, an interim agreement has been formulated whereby certain TCA projects will be allowed to run to completion.
19. "The Government will save face by honoring commitments already made. It has even been reported that the GUB would support the engineering education aid program contract with its own funds if TCA withdrew."

-end-

CONFIDENTIAL/US OFFICIALS ONLY--SECURITY INFORMATION